

Advanced Procurement
for Universities & Colleges

APUC Operational Procurement Strategy and Action Plan

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Owner	Head of Operational Procurement and Compliance
Consultation	Based on Member Stakeholder Dialogue
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1. Executive Summary

This Advanced Procurement for Universities and Colleges (APUC) Operational Procurement Strategy is aligned with the corporate aims and objectives, established collaborative initiatives and necessary regulatory compliance with the Procurement Reform (Scotland) Act 2014. This Strategy was reviewed and approved by the Chief Executive of APUC and the APUC Board and was published in December 2016. The Strategy is the culmination of consultation and engagement with different stakeholder groups within the Higher Education and Further Education (HE/FE) Sector. Through this consultation, APUC's Operational Procurement strategy benefits from exposure to both internal and external scrutiny. This strengthens the understanding of the Strategy and the prospect of achievement of its policies, aims and objectives.

2. Core Vision and Mission Statement

APUC is committed to obtaining value for money in all of its Framework Agreements and transactions, and in conducting its daily business, staff must consider APUC's wider responsibilities in terms of legal, ethical, social, economic and environmental impact. Effective operational procurement will support APUC's key objectives across these important operational dimensions.

The Core Vision and Mission Statement of APUC is ***“To maximise the value of Scotland's investment in further and higher education by working in partnership with institutions to support and enable sustainable innovation in procurement”***.

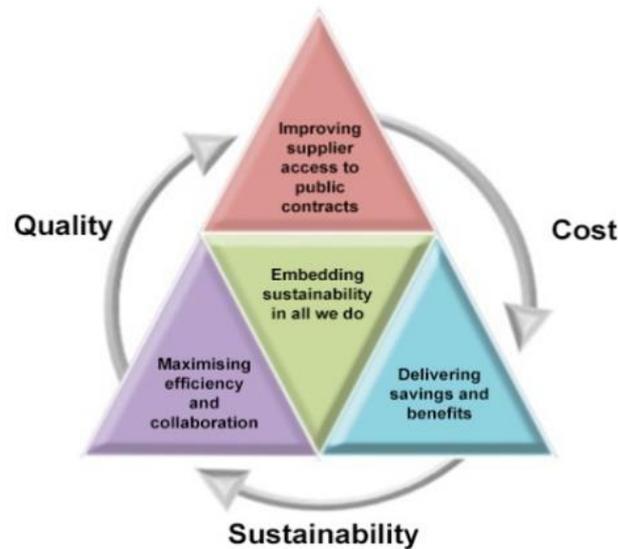
3. Strategic and Operational Context

This Strategy sets out the strategic approach to operational procurement within a challenging economic, legislative and regulatory environment. The Strategy is used in conjunction with APUC's Delivery Plan and overarching corporate Strategy for 2015 – 2018. The Action Plan element of the Operational Procurement Strategy translates the strategic objectives and desired outcomes into the detailed actions and processes required to maintain a cost-effective (and legally compliant) procurement operation.

APUC is one of the Centres of Procurement Expertise (CoE) formed as a result of the McClelland Review of Public Procurement in Scotland, published in March 2006. APUC was formed in 2007, is owned by all of Scotland's Universities and Colleges. APUC conducts procurement processes on their behalf for the collaborative commodities for which it is responsible and enters into Framework Agreements for its members to have access to. APUC is the key link between the HE/FE sector and Scottish Government in taking forward the Public Procurement Scotland Programme in ways that are supportive to the priorities and structure of the institutional clients. APUC carries out the dual role of representing and enhancing the interests of the client community in procurement matters including taking the lead role in furthering procurement improvements / development and implementation within the HE and FE sectors as well as supporting these sectors in playing their part in implementing relevant government policy around procurement reform.

With regard to the Scottish Public Procurement Reform Programme (which will be known as “Public Procurement in Scotland” moving forward into 2017), APUC works closely with the other sectoral CoE's. These are NHS National Procurement, Scotland Excel (for Local Authorities) and the Government's Scottish Procurement and Commercial Directorate (representing Central Government and NDPB's). This collaborative effort is directed towards the delivery of what is known as the Scottish Model of Procurement, which defines value for money as the best balance of cost, quality and sustainability which is reflected throughout

strategy development, reporting and procurement processes. The Scottish Model of Procurement is illustrated in the schematic below.



In addition to this, APUC works collaboratively with all of the other UK regional / specialist HE/FE purchasing consortia (TUCO, TEC, SUPC, LUPC, NWUPC, NEUPC and HEPCW) to ensure best practice, drive value for money and obtain added benefits to our client institutions.

The APUC client institution community has clear service expectations. These expectations form the core scope of APUC's responsibilities and strategic operations and have been arrived at and developed through regular dialogue with senior stakeholders within every client institution in Scotland and the key stakeholders across the Public Procurement Reform Programme.

4. Strategic Procurement Objectives

In order to maintain an optimised, comprehensive service to client institutions, APUC operates through workstreams. The two procurement workstreams to focus on in this Operational Procurement Strategy are Collaborative Contracting and Institutional Procurement Services with specialist enabling workstreams to enhance in the delivery of procurement including eSolutions and Development and Sustainability.

Procurement Workstreams include:

- **Collaborative Contracting:** Aims to provide and contract manage a suite of appropriate Framework Agreements driven by Institutions requirements and needs, informed by user intelligence groups, the Sectors procurement Strategy Groups, supplier involvement and a yearly Contracting Priorities Workshop to establish a forward plan. This is facilitated by an account management approach. Collaborative Contracting operates on a category management basis focussing on Estates, Information Services, Labs, Professional Services and HR.
- **Institutional Procurement Services:** Aims to provide an operational and strategic shared procurement service delivery with client institutions either as an embedded resource or as an account managed service for colleges to provide tender support for high value/above

EU threshold tenders, instilling best practice through procurement processes and ad hoc support and assistance.

The main specialist enabling workstreams are:

- **eSolutions:** Aims to provide the eTools to enable (APUC) Collaborative Contracting, (APUC) Institutional Procurement Services and institutional procurement teams to most effectively undertake their roles. This includes systems such as an in-house client interface solution to ensure that all procurement data can be obtained from a single portal, collaborative opportunities can be identified, contract registers can be created in line with the Procurement Reform (Scotland) Act 2014 and procurements can be advertised in an open, fair and transparent manner.
- **Development & Sustainability:** Aims to manage developments in processes, legislation and policy; to disseminate best practice information and to facilitate procurement training for client institutions and APUC procurement specialists; to manage APUC's sustainable procurement development programme, the sector's procurement and commercial improvements programme, the HE/FE sector's trainee procurement management programme and undertake special projects as required.

These workstreams take responsibility, both singly and jointly for activities that underpin four strategic procurement objectives.

- Optimisation of savings and added value benefits through collaboration for Universities and Colleges;
- Consolidation of effective, efficient and appropriately resourced procurement operations;
- To embed sound ethical, social and environmental policies within sectoral procurement and to implement the Sustainable Procurement Duty in Higher Education and Further Education (HE/FE);
- Establishment of robust legal compliance, best practice and supplier engagement.

5. Compliance with the Procurement Reform (Scotland) Act

The inclusion of the following statements in APUC's Operational Procurement Strategy is mandatory to demonstrate how APUC will deliver the requirements of the Procurement Reform (Scotland) Act.

Statement on APUC's general policy on the use of community benefit requirements

For every procurement over £4m, APUC will consider community benefits in all of its Framework Agreements on a proportionate basis. This will include whenever feasible to ensure that an Institution when undertaking a call off can capture community benefits. APUC gather best practice and work cross sectorally to help deliver community benefits.

Statement on APUC's general policy on consulting and engaging with those affected by its procurements

For each procurement, APUC will consider the community affected by the resultant Framework Agreement and ensure any affected Institutions/persons are consulted. Such consultation will always be on a scale and approach relevant to the procurement in question. APUC undertake a yearly Contracting Priorities Workshop (CPW) to determine its

contracting programme for Cat B and Cat C requirements and holds quarterly procurement strategy groups for the Universities and Colleges to ensure the needs and requirements of the HE/FE sector are being met. APUC hold a yearly Procurement Network Conference to share best practice and to train the sector and a Customer survey is issued annually to ensure feedback is being received.

Statement on APUC's general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements

Although it is unlawful to require payment of the Living Wage in public sector tenders, APUC recognises the values of and supports actions to enable a well-motivated and dedicated workforce both in its own organisation and in those of its clients and suppliers. Where relevant and proportionate, APUC will consider the fair work practices of suppliers in its procurements, including the application of the Living Wage through its Framework Agreement tender process. APUC also assesses the supply chain through the 'Sustain' Assessment.

Statement on APUC's general policy on promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 (c.37) and any provision made under that Act

APUC is committed to contracting only with suppliers that comply with all appropriate and relevant legislation, including Health and Safety legislation. Where appropriate, and on a Framework Agreement by Framework Agreement basis, APUC will assess the legislation applicable to a procurement and take steps to ensure bidders comply with such legislation which is embedded in the Terms and Conditions and managed through the Contract Management process. Where proportionate, APUC assess sub-contractors compliance of specific legislation.

Statement on APUC's general policy on the procurement of fairly and ethically traded goods and services

Wherever relevant and possible APUC shall make use of appropriate standards and labels in its procurements to maximise incorporation of fair and ethical trading considerations, and will consider equivalent offerings from suppliers in its tenders and maximise the use of lifecycle costing. APUC will also encourage use of Framework Agreement conditions that provide assurances on fair and ethical supply chains.

Statement on APUC's general policy on how it intends its approach to regulated procurements involving the provision of food to: improve the health, wellbeing and education of communities in the organisation's area; and promote the highest standards of animal welfare

APUC aims to facilitate the supply of healthy, fresh, seasonal, and sustainably grown and ethically harvested food which represents value for money whilst improving the health, wellbeing and education of our teaching and learning communities, coupled with promoting the highest standards of animal welfare. APUC will work to put in place nutritional requirements for food and all users of our catering services. Where appropriate, APUC will embed standards/labels criteria in tender documentation and will work closely with internal stakeholders in Development & Sustainability and external CoE's and HE/FE Consortia to ensure similar requirements are flowed out nationally to create standardisation and to ensure compliance.

Statement on APUC's general policy on how it intends to ensure that, so far as is reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented

- **Payments due by the authority to a contractor.**
- **Payments due by a contractor to a sub-contractor.**
- **Payments due by a sub-contractor to a sub-contractor**

APUC complies with the Late Payment legislation and will review on a Framework Agreement by Framework Agreement basis whether such obligations are relevant and should be enforced and monitored further down its supply chain.

Statement on APUC's general policy on how it intends to ensure that its regulated procurements will be carried out in compliance with the sustainable procurement duty

APUC will undertake regulated procurements in compliance with the sustainable procurement duty. Consideration of environmental, social and economic issues and how benefits can be delivered through the procurement will be made, where appropriate and on a Framework Agreement by Framework Agreement basis and embed where appropriate. APUC will utilise available tools and systems such as Prioritisation, Life Cycle Impact Mapping, Sustainability Test, Flexible Framework, APUC's Code of Conduct, Sustain and Electronics Watch where relevant and proportionate to the scope of the procurement.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will contribute to the carrying out of its functions and achievements of its purpose.

APUC will analyse third party expenditure, identify 'EU regulated procurements' [goods and services worth more than £164,176 works worth more than £4,104,394] and 'lower value regulated procurements' [goods and services worth more than £50,000, works worth more than £2 million].

APUC will sort regulated procurements into procurement categories. APUC has a category management structure in place to deliver Framework Agreements to meet the sector's requirements. It has fully trained procurement professionals to comply with the EU Directives and the Procurement Reform (Scotland) Act and enabling workstreams such as Development & Sustainability for guidance and training and eSolutions for systems and tools. The collaborative contracting team work with other HE/FE Consortia across the UK and across sector CoE's in Scotland to deliver collaboration, best practice and added value benefits. All this assists in the delivery of APUC's strategic objectives.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will deliver value for money.

APUC will make appropriate use of collaborative contracting arrangements (e.g UK HE/FE, national, sectoral or local Framework Agreements to deliver improved contract terms, contract and supplier management, sustainable procurement outcomes and value for money. APUC operates and reports under the Cross Sector Benefits Methodology Model which is used on a cross-sector Scotland wide and UK HE/FE basis to demonstrate both cash and non cash/efficiency savings. APUC is also part of the Scottish cross sector Collaborative Leads Group (CLG) and the UK HE/FE Joint Contracting Group (JCG) which focuses on collaborative working at a Cat A, Cat B and Cat C level to ensure best practice and to drive benefits. Key stakeholders both internal and external, are consulted with at all times to ensure aims and objectives are being achieved.

Statement on APUC's policy on how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.

APUC will conduct all regulated procurements in compliance with EU Treaty Principles of equal treatment, non-discrimination, transparency, proportionality and mutual recognition.

APUC will utilise portals including PCS and PCS-T to publish its procurement opportunities and shall strive to ensure appropriate use of lotting, output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible. In addition, APUC uses an online evaluation portal to ensure tender responses are evaluated in a fair and transparent manner.

APUC will ensure that it awards regulated procurements only to businesses [and sub-contractors] that are capable, reliable and, where relevant, that can demonstrate that they meet high ethical standards and values in the conduct of their business.

APUC takes steps to make it easier for smaller businesses to bid for Framework Agreements. Legislative constraints preclude preferences for only local suppliers but the local dimension can be addressed through the structure of tenders, the use of Public Contracts Scotland and training.

Statement on the APUC's policy on how it intends to ensure that its regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner.

APUC will make appropriate use of collaborative contracting arrangements (e.g. UK HE/FE, national, sectoral or local framework agreements or contracts) to deliver improved contract terms, contract and supplier management, sustainable procurement outcomes and value for money.

APUC will utilise portals including PCS and PCS-T to publish its procurement opportunities and shall strive to ensure appropriate use of lotting, output based specifications and clear evaluation criteria to ensure the procurement is accessible to as many bidders as possible. In addition, as noted before, APUC will use an online evaluation portal to ensure tender responses are evaluated in a fair and transparent manner.

APUC will take steps to make it easier for smaller businesses to bid for Framework Agreements. Whilst legislative constraints preclude preferences for only local suppliers, APUC will ensure that through the structure of its tender documentation, the use of PCS and PCS-T and the publication of a contracts register, information to smaller local providers will be available to assist them to build capacity to be able to bid for these requirements.

In addition, APUC acts in a transparent manner by publishing its contracting plan on its website, making documentation available to its clients on the Buyers Portal and issuing its forward plan on the Scottish Government website. APUC encourages the use of PINs to test the market where appropriate and holds Meet the Buyer events where relevant to encourage supplier engagement. APUC also attends wider events such as the supplier development programme and Procurex conference.

6. Annual Reporting

APUC will produce an annual report on progress against the procurement objectives and publish this on APUC's website. This report, produced as soon as practicable after the end of the first full academic year (after July 2018), will describe how APUC has discharged its obligations under the Act and how it has exercised discretion and judgement as permitted by the public procurement rules to secure strategic objectives in compliance with the Act.

The Annual Report will include -

- a summary of the regulated procurements that have been completed during the year covered by the report,
- a review of whether those procurements complied with APUC's Operational Procurement strategy,
- to the extent that any regulated procurements did not comply, a statement of how APUC intends to ensure that future regulated procurements do comply,
- a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,
- a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,
- a summary of the regulated procurements APUC expects to commence in the next two financial years,
- such other information as the Scottish Ministers may by order specify.

7. Strategic Ownership and Contact Details

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APPENDIX 1 – ACTION PLAN

Objective	Outcomes	Main Actions & Commitments	Responsibility
Optimisation of savings and added value benefits through collaboration for Universities and Colleges	Facilitate and manage where appropriate C1 tender opportunities across the sector and across sectors (NHS/LA's etc) where applicable. (CC1)	Dedicated C1 procurement resource in place To undertake Regional workshops to establish potential requirements Engage with key customers through the CPW and PSG to define needs and expectations Undertake tendering on a regional basis where required/appropriate Contract manage C1 contracts where appropriate.	HOP and IPS
	Implement an optimised, prioritised Contract and Supplier Relationship management service for APUC Framework Agreements. (CC2)	Establish Appropriate Contract Management Route at Strategy stage and embed throughout procurement cycle Establish Contract Management programme including prioritisation timetable, agendas and ad hoc requirements as appropriate Feedback on supplier performance Carry out contract management activity as defined in the Prioritisation ie phone, email or face to face.	HOP and Heads of Category
	Ensure that all collaborative partners report on the agreed Sector Benefits Reporting Methodology (CC7)	Work with HE/FE sector to reinforce importance of tracking benefits and explain how benefits should be recorded. Undertake Sector meeting to align Sector Benefits Reporting Methodology to the new EU Directives and PRA and take feedback proposals back to SG to embed in Sector wide version	HOP

	Maximisation of coverage - Increase uptake of collaborative Framework Agreements to move towards an overall sectoral coverage of 40% (CC9)	<p>Undertake and analyse spend information for each Institution</p> <p>Ensure contract uptake information is accurately recorded by institutions and cross refer with reported spend</p> <p>Understand any gaps in contract coverage</p> <p>Build advocacy for use of Framework Agreement's to increase contract uptake</p> <p>Where APUC provides a Shared Service resource, ensure that the Framework Agreement is being used as the first option</p> <p>Where Framework Agreements are not being used a legitimate reason must be recorded on the contract uptake website</p>	HOP
	Maximisation of coverage – ensure comprehensive availability of Framework Agreements available via APUC (including those via partners) to meet sectors Cat A and Cat B needs. (CC10)	<p>To have a suite of Framework Agreements in place as defined by PSG/CPW continuously available via APUC (led, jointly managed or facilitated)</p> <p>Regular review of Framework Agreement portfolio across the Categories to ensure needs are being met. Engage with CPW and the Account management process.</p>	HOP
	Enable sectors to obtain savings from collaborative contracting (either through leading or jointly managing, or facilitating tendering/contracting as appropriate) of over £8m per year based on agreed BT1 savings (generally VPPP) and £20m on agreed BT2 savings (VMP) (CC11)	<p>Ensure that all contracted/newly awarded Framework Agreements have an established BT1 and BT2 saving percentage recorded with full rationale</p> <p>All Framework Agreement savings and local savings to be recorded in Hunter</p>	HOP and eSolutions
Consolidation of effective, efficient and appropriately	Up to date Category Strategies to incorporate relevant 2015 -2018 APUC Strategic Plan elements in new common format and including optimised Contract and Supplier Management service deliverables	<p>Ensure Category Strategies are up to date in line with sector changes and any legal requirements.</p> <p>Update Category tendering Programme on a yearly basis</p>	HOP and Heads of Category.

resourced procurement operations	(CC4)	Share Category Strategies with key category stakeholders	
	Ongoing publishing of quarterly Category Bulletins for relevant stakeholders. (CC5)	Publish Category Bulletins on a quarterly basis to PSG and publish on APUC website and Buyer Portal	HOP, Heads of Category and Operations and Communications Manager
	Maximise usage of Hunter across Institutions to provide contract register, forward tendering plans, capture local savings, contract management, category management and non-pay spend analysis. (ES6)	Actively support Institutions to increase utilisation of Hunter functionality. Work with each Institutions to have contract register in place Encouraging institutions to record local savings and explain the benefits	eSolutions
	Further develop spend analysis to capture non pay spend data via the Hunter application to provide more timely reporting of procurement spend data for the purpose of monitoring and forecasting. (ES7)	Upload non pay spend at more regular intervals allowing increased visibility of procurement spend. Develop functionality of Hunter to capture Institutions finance system supplier unique reference. Engaging with Institutions for data collection.	eSolutions
	Develop and manage a customer portal to report in a single place for all key institutional procurement data and enable institutions to upload key local data (ES8)	Work with Institutional Procurement staff to gain input on requirements and what functionality would be beneficial	eSolutions
	Facilitate the PCIP programme and wider capability improvement and implementation/adoption of best practice procurement tools and processes across client institutions (DS4 & 9)	Complete trials and all Full, Medium and Lite PCIP's Completion of operational procurement reviews for small Institutions. Establish PCIP summary report. Identify individual improvement needs as a consequence of the PCIP outcomes	D&S Team

	Forward programme for PCIP Dashboard reporting and future PCIP assessments	To confirm timetable for forward programme and liaise with Institutions	D&S Team
	Implement a specific structure to support local institutional shared services & the college services team (IPS1)	Dedicated highly experienced leader in place to co-ordinate, develop and support institutional shared staff. Regular monthly 1:1 and team meetings	IPS
	Work with Universities and Colleges to develop advanced solutions (regional teams/regional resource sharing etc) for providing professional procurement services across the sector (IPS3)	Explore each region of Scotland for advanced sharing solutions.	IPS
	Provide tender support services to colleges for all EU level tendering and where resources permit, other relevant (>£50k) high value tenders and further competitions. This will be blended with local procurement services where these are in place. (IPS4)	Provide local tendering support where appropriate	IPS
	Senior Procurement Manager with responsibility for College in a defined geographical area to provide procurement capability development support to internal resources within Colleges (IPS5)	Undertake College spend analysis Understand current procedures and processes in place and where improvements can be made Create contracting schedule and feed into public facing contract register Provide ad hoc support where required.	IPS & D&S team
	Undertake annual operational service reports for all locations where APUC provides local (institutional) procurement shared services. (IPS6)	Provide standardised template Review and deliver a report for each shared service of the status of delivery versus the deliverables set out in the shared service agreements.	IPS

To embed sound ethical, social and environmental policies within collaborative procurement and to implement the Sustainable Procurement Duty in Higher Education and Further Education (HE/FE)	Develop carbon reduction guides by category (CC8)	<p>To establish content covering carbon and other sustainable areas to be included specifically to each Category.</p> <p>To include material established as part of the Prioritisation undertaken for each Category and its main commodity groups</p> <p>To establish a format that can be web based as well as pdf for all stakeholders.</p>	HOP and D&S team
	Facilitate improved ethical and sustainable procurement practices in the sector (DS3)	Increase use of tools/processes including Prioritisation, Sustain, Supply chain Code of Conduct, Electronics Watch, template contract clauses and improved tendering questions.	HOP and D&S Team
Establishment of robust legal compliance, best practice and supplier engagement.	Establish and update a full suite of Tender process templates for APUC and Institutions to be aligned to new PRA/EU rules. (CC3)	Define required templates for end to end procurement lifecycle and update in accordance with EU Directives and PRA	HOP
	Develop and implement web publishing of contract registers on APUC website based on Hunter data (ES4)	<p>Work with Institutions to have all regulated procurement contracts published on a public facing website.</p> <p>Making Hunter available to all Institutions</p> <p>Train Institutional staff on how to update Hunter and create a contract register</p> <p>Provide links to the Institutions contract register website page</p>	eSolutions
	Manage a major/comprehensive development programme to support the sector in implementing the Procurement Reform (Scotland) Act and the new EU Directives	<p>Undertake fact finding meetings with Institutions</p> <p>Produce Strategy and other relevant templates.</p>	D&S Team

	(DS2)	<p>Define, develop and deliver training courses for both PRA and EU Directives for all of the HE/FE Sector. Undertake Senior Briefings.</p> <p>Organisation change review support provided across the sector.</p>	
	<p>Implement a supplier development programme to ensure SME's, supported business and third sector understand and are confident in taking part in the bidding process.</p> <p>(DS5)</p>	<p>Work with suppliers and Operational Procurement team to attend and organise supplier events.</p> <p>Working with suppliers to define their needs and how suppliers can do business with APUC</p> <p>Liaise with other COE's to share best practice.</p>	D&S Team
	<p>Deliver a training plan for the sector based on identified and relevant training needs, jointly with other sectors and HEPA to optimise opportunities and efficiency.</p> <p>(DS11)</p>	<p>Develop modules and eLearning content</p> <p>Introduce an eLearning tool</p> <p>Work with other sectors and HEPA where appropriate.</p>	D&S Team